The Changing Landscape of Consumer Receivables Management

Oscar Fricke
Manager, Cash Management
Toyota Financial Services

Thokozile Mkwanazi
Senior Manager, Cash Management
Nissan Motor Acceptance Corp.

Mohit Joshi
Vice President
Global Payments & Cash Management
HSBC Bank USA, N.A.
Truth, Complete Truth & Statistics

• Did you know…
  – online usage levels top 75% of all US households?¹
  – the number of online payments in the US grew by 53% in the last ten years while check payment volume in the US dropped by 57%?²
  – 33M consumer households pay bills online at their bank’s site in 2010 compared to 5M in 2000?³
  – only 33% of bank online bill pay users also receive at least one e-bill at the bank site?³

²Broadband Adoption and use in America – Federal Communications Commission, February 2010.
³Changes in the Consumer Billing and Payment Marketplace 2000-2010, Fiserv, Inc.
Presentation Agenda

• Straws in the Air
  Changes in the Environment

• Survival through Evolution
  Ways to Adapt

• The Game Plan
  Recommendations

• ARC on my mind
  Wish List of Treasury Practitioners

• Open Session
Straws in the air
Lifestyle & Demographics

• Use of internet and mobile services
• Use of payment cards
• Pre-paid payments
• Kiosk payments
Straws in the air
Business Technology

• The three-letter words
  – ARC
  – POP
  – BOC

• Connectivity with banks

• Online bill pay concentration
Straws in the air
Market Dynamics

• Multiple non-bank firms vying for various pieces of value chain

• Consolidation among lockbox providers

• Cost / availability of financing
Survival through Evolution

Ways to Adapt

• Understanding the efficiency dynamics behind each payment type
  – Challenges of electronic payments – consumer-initiated payments vs. biller-initiated debits
  – Costs to facilitate processing of different payment types
  – Multiple originators vs. consolidation with a concentrator
Survival through Evolution
Ways to Adapt

- New Frontiers of Cost Savings
  - Statement suppression
  - Connectivity models with banks (SWIFTnet vs. multiple channels)

- Understanding consumer behavior
  - Use of credit cards for payments – interchange fees vs. consumer convenience
  - Carrot or Stick to drive e-bills
  - Differences in behavior across industry verticals

AFP® Annual Conference
Survival through Evolution
Bringing it Together

Consumer Behavior
Will the consumer react favorably to our new strategies?

Efficiencies in Processing
What is the trade-off between consumer choice and exception processing?

Reduce DSO & Cut Costs

New Frontiers of Cost Savings
What else can we be doing to bring down existing costs?
The Game Plan
Recommendations

• Strategic dialogue necessary with internal stakeholders
• Choose providers carefully
• Choose an e-billing model carefully
• Offer choice but incentivize efficient behavior
ARC on My Mind
A Treasury Practitioner’s Wish List

• Robust mobile applications for consumer online banking

• Rationalization of merchant interchange rates to promote credit card as a payment mode

• Critical mass on an integrated billing network

• IT vendors to focus on business continuity and preservation of knowledge
Questions?

**Oscar Fricke**  
Manager, Cash Management  
Toyota Financial Services  
Ph: 310-468-0314  
Email: oscar_fricke@toyota.com

**Thokozile Mkwanazi**  
Senior Manager, Cash Management  
Nissan Motor Acceptance Corporation  
Ph: 615-725-8576  
Email: thokozile.mkwanazi@nissan-usa.com

**Mohit Joshi**  
Vice President  
Global Payments & Cash Management  
HSBC Bank USA, N.A.  
Ph: 201-386-7209  
Email: mohit.joshi@us.hsbc.com
This presentation was jointly created by employees of Toyota Financial Services, Nissan Motor Acceptance Corp and HSBC Bank USA, N.A. for presentation at the AFP conference. Each of these companies endeavors to ensure that the information in this document is correct and does not accept any liability for error or omission. This presentation is not for consumer use, and only for educational purposes. Any opinions expressed are those of the speakers and not their employer institutions.